

## Message Text

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ACTION EUR-12

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FM AMCONSUL HAMILTON

TO SECSTATE WASHDC 1838

C O N F I D E N T I A L HAMILTON 225

E.O. 11652: N/A

TAGS: ELAB, MILI, PINT, BD

SUBJ: STATUS REPORT - LABOR TROUBLE NAS BERMUDA

REF: HAMILTON 224

1. MEETING OPENED BY PREMIER WHO ASKED FOR LEGAL OPINION OF ATTORNEY GENERAL. AG STATED THAT SIMMONS LETTER AND CITATIONS THEREIN REINFORCED KW POSITION RATHER THAN BOLSTERING BIU'S CLAIMS. CITED AMONG OTHERS WERE:

(A) BASES AGREEMENT 1940; (B) US BASES (AGREEMENT) ACT 1952; (C) CONAS ANASTON LETTER 28 JULY TO SIMMONS STATING

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DISPUTE BETWEEN KW AND BIU. AG ADDED KW HAS COMPLIED WITH ALL LEGAL REQUIREMENTS OF GOB.

2. DISCUSSION THEN FOLLOWED ON THE UNDERLYING AND BASIC POINT IN THE LABOR DISPUTE. IT REVOLVES AROUND BIU'S CONTRACTUAL REQUIREMENTS FOR ONE HOURS PAY PER WEEK TO BIU'S SICK AND WELFARE FUND AND ONE AND ONE HALF HOURS PAY PER WEEK TO ITS ANNUAL VACATION FUND (TO THE LATTER  
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THE EMPLOYEE CONTRIBUTES \$1.20 WEEKLY). THERE IS ALSO

THE CHECK OFF OF \$2.00 WEEKLY FOR UNION DUES.

3. OF THE EIGHT CONTRACTORS (INCLUDING KW) NOW OR RECENTLY ON BASE WITH NAS CONTRACTS ONLY KW AND ONE SMALL LIGHTING CONTRACTOR DO NOT HAVE UNION CONTRACTS OR PAY BENEFITS. BERMUDA CONCRETE FORMS A NON-UNION COMPANY WHICH WAS AWARDED CONTRACT FOR ENLISTED QUARTERS NAVAL ANNEX PAYS BIU THE DISPUTED BENEFITS WHEN UNION WORKERS ARE EMPLOYED BY THEM.

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4. THEREFORE WHILE KW DOES COMPLY WITH GOB LEGAL REQUIREMENTS IT IS NOT COMPLYING WITH LOCAL PRACTICES AND CUSTOMS REGARDING WORKER BENEFITS (SEE PARA 4 REFTEL).

5. COMMENTS FOLLOW: (A) KW FROM BEGINNING HAS BEEN IF NOT ANTI LABOR UNION AT LEAST NOT INTERESTED IN OR NOT AWARE OF NEED TO DEAL WITH BIU LABOR PROBLEM. KW PREVIOUS EXPERIENCE WITH BIU CONSTRUCTING HOLIDAY INN

AND SONESTA BEACH HOTEL ANNEX MAY BE REASON FOR INTRANSIGENCE OR SIMULATED INDIFFERENCE. KW NEGLECTED TO OBTAIN NORMAL PRECONSTRUCTION BRIEFING OF LOCAL WORKING CONDITIONS, LABOR SITUATION, ETC. FROM NAS LONG TIME CIVILIAN PERSONNEL OFFICER. KW HAS NOT SENT LABOR MANAGEMENT OFFICER BERMUDA TO AT LEAST HAVE CONTINUING DIALOGUE WITH BIU (SEE PARA 11 HAMILTON 177). ATTEMPTS TO HAVE KW TAKE ACTIVE AND EFFECTIVE ROLE IN DISPUTE VIA NAVY CHANNELS (NORFOLK) HAVE NOT PROVED HELPFUL AS NAVY REGULATIONS AND CONTRACT SUCH THAT INTERFERENCE IN LABOR DISPUTE FORBIDDEN AND INTER-

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FERENCES WITH CONTRACTOR COULD SO NAVY SAYS VOID OR FORCE CHANGES IN OPERATION PENALTY CLAUSES AMONG OTHERS. IN ADDITION WHEN SUGGESTED THAT A LIAISON OFFICE IN CONFIDENTIAL

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HAMILTON WOULD BE GOOD LABOR RELATIONS MOVE (SPACE WAS OFFERED BY NAVY IN DOWNTOWN HAMILTON TO PROVIDE IN TOWN CONTACT FOR THOSE SEEKING EMPLOYMENT). KW LOCAL REP. REFUSED. HOWEVER KW HAS AGREED USE GOB EMPLOYMENT OFFICE FOR SOURCE OF APPLICANTS; (B) PRESENCE OF US BASE BERMUDA AND LARGE AREA OF LAND IT OCCUPIES (REGARDLESS OF FACT USG RECLAIMED 1/2 OF IT) IS POLITICAL ISSUE ALWAYS RAISED BY PROGRESSIVE LABOR PARTY (PLP) WHICH CLAIMS

IT WOULD DEMAND RETURN TO BERMUDA IF IT WERE TO COME INTO CONTROL. THE PLP LOOKS TO BIU FOR ITS MAJOR SUPPORT. GOB AWARE SIMMONS AT PRESENT POSES NO MAJOR PROBLEM TO OVERALL LABOR SITUATION AS HE LACKS SUPPORT OF MAJORITY OF UNION MEMBERS. HE IS HOWEVER A POLITICAL LIABILITY AND POTENTIAL THREAT AS HE COULD CREATE PROBLEMS BY HEATING UP BASES ISSUE. PLP ALWAYS LOOKING FOR SOME MEANS GENERATE OPPOSITION GOB'T PARTY POLICIES. GOB ESPECIALLY SENSITIVE TO UNEMPLOYMENT ISSUE AND UNEMPLOYMENT PROBLEM (ESTIMATED 2PCT) WHICH IS HIGH IN

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BERMUDA'S NORMALLY OVER EMPLOYMENT MARKET. BY OCT KW PLANS HAVE AROUND 150 LOCAL WORKERS ON THE JOB. SIMMONS WOULD THEN HAVE SOME MUSCLE ON SITE PROVIDED HE HAD AN ISSUE SUCH AS DENIAL OF WORKERS FRINGE BENEFITS. GOB AWARE OF THIS AND WOULD HOPE ISSUE RESOLVED BEFORE SIMMONS GAINS STRENGTH ON BASE; (C) SITUATION AT BEST POTENTIALLY EMBARRASSING TO GOB WHICH HAS NO LEGAL RECOURSE SINCE KW MEETS LEGAL REQUIREMENTS AND IS PROTECTED BY BASES AGREEMENT. FURTHER GOB INABILITY INTERVENE EFFECTIVELY IN BIU-KW DISPUTE COULD PROVIDE PRETEXT FOR PLP RENEWED DEMANDS FOR RENEGOTIATION BASES AGREEMENT.

6. RECOGNIZING KW RELUCTANCE DEAL WITH UNION (POSSIBLY BECAUSE OF PAST EXPERIENCE) AND NEED FOR COMPANY AVOID COSTLY DELAYS WHICH COULD ARISE FROM UNION ACTION IF RECOGNITION AND CONTRACT WERE GIVEN BIU WE DO BELIEVE THAT SITUATION NOW AT POINT WHERE KW MIGHT INDICATE SOME GIVE. ONE APPROACH WOULD BE TO GRANT EACH BIU MEMBER WORKER THE SICK, WELFARE AND VACATION BENEFITS IF HE  
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SO REQUESTS IN WRITING THAT THE NORMAL CONTRIBUTIONS SPELLED OUT IN THE LOCALLY ACCEPTED BIU CONTRACT WITH THE CONSTRUCTION INDUSTRY BE DEDUCTED FROM HIS SALARY AND FORWARDED TO THE BIU SUCH AS BERMUDA CONCRETE FORMS (SEE PARA 3 ABOVE) NOW DOING. THIS WOULD ELIMINATE ALL POSSIBLE COMPLAINTS AND WOULD FROM BENEFITS VIEWPOINT COMPLY WITH LOCAL CUSTOMS AND PRACTICES. IT WOULD ALSO STILL PROTECT KW FROM POSSIBLE WORK STOPPAGES BY UNION IF THAT IS WHAT IT WANTS.

7. THIS IS POTENTIALLY A HOT POTATO POLITICALLY AND COULD

EVENTUALLY ERODE OUR POSITION RE OUR BASES AND NAVY  
PRESENCE BERMUDA. WE SUGGEST THAT DEPARTMENT CONSIDER  
POSSIBLY WITH DOD ACQUAINTING UPPER LEVELS KW WITH PROBLEM  
AND PUBLIC RELATIONS (HOLIDAY INN, ETC) ASPECTS OF  
SITUATION AS WELL AS POLITICAL IMPLICATIONS TO SEE IF  
SOME SOLUTION CAN BE REACHED.  
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